



## HIGHLIGHTS OF THE YEAR

	Year ended April 1 <b>1972</b>	Year ended April 3 <b>1971</b>
Store Sales	\$51,927,530	\$46,950,710
Net Earnings	507,464	503,170
Earnings per Common Share	1.72	1.71
Dividends per Common Share	1.05	1.05
Capital Expenditures	1,508,492	1,528,284
Common Shareholders' Equity	6,828,462	6,638,404
Equity per Common Share	24.10	23.44
Number of stores at end of year	174	167

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

L. R. K. Hager, Phm.B.

\*A. H. Hutchinson, Phm.B.

\*L. S. Mackersy, M.C.

\*\*George C. Metcalf

W. A. Murray, Phm.B.

\*N. S. Robertson, Q.C.

W. Struan Robertson, Q.C.

E. N. Thompson, Phm.B.

R. W. Wilson, Phm.B.

\*Chairman of Executive Committee

\*Member of Executive Committee

### OFFICERS OF THE COMPANY

*Chairman of the Board*, George C. Metcalf

*President and General Manager*, A. H. Hutchinson, Phm.B.

*Vice-President*, E. N. Thompson, Phm.B.

*Secretary-Treasurer*, V. A. Webster, C.A.

### STOCK TRANSFER AGENTS AND REGISTRARS

Canada Permanent Trust Company, Toronto

### BANKERS

Canadian Imperial Bank of Commerce

### AUDITORS

Thorne Gunn & Co.

### HEAD OFFICE

84 Sheppard Avenue East, Willowdale, Ontario

### G. TAMBLYN, LIMITED

Including the following divisions:

Tamblyn Drug Stores

Super Save Drug Marts

Super City Drug Marts

Super Thrift Drugs

Liggett Stores



## TO OUR SHAREHOLDERS

Your Board of Directors is pleased to report that the year ended April 1, 1972, was one of unprecedented expansion.

Total sales reached a record high of \$51,927,530, an increase of \$4,976,820 or 10.6%. This increase to a large extent was due to the response from the new Super Save Drug Mart Division. We are very encouraged by the consumer acceptance of these stores across the country and the substantial contribution they are making to overall operating results.

Net earnings from operations were \$507,464 compared to \$450,823, an increase of \$56,641 or 12.6%. Net income including extraordinary items, as shown in the Consolidated Statement of Income, was \$507,464 as compared to \$503,170 the previous year which, after providing for dividends on preferred shares, was \$1.72 per common share, as against \$1.71 for the year ended April 3, 1971. Dividends were paid at the rate of \$2.00 on each preferred share and \$1.05 on each common share.

In April of 1970 we opened our first Super Save Drug Mart. During that year, through new openings and the conversion of former Tamblyn stores, we added 43 of these ultra-modern stores. During the fiscal year ended April 1, 1972, we added a further 29 and at year end there were 72 of these units in operation.

In total then during the past two years, we have converted a total of 56 former Tamblyn stores to Super Save Drug Marts and have closed 20 small low potential ones. It should be pointed out that most of the stores that were converted or closed had been in operation for a great many years and as a result of changes in inventory selection and marketing concepts, significant losses were incurred in clearing deleted merchandise. While this has had a depressing effect on earnings, we feel that it was essential to provide a firm base for future results. As this program is largely completed, we are confident that volume will increase at an accelerated pace, and earnings also will increase significantly.

Expansion during the year continued at a very active pace. Net capital expenditure amounted to \$1,508,492, which was used for the opening of 15 new stores, the conversion of 22 existing stores to Super Save Drug Mart, and the enlargement and reorganization of our warehouse facility. We are now in our third year of this modernization and expansion program and are pleased to announce that the major portion of this project has been completed.

In order to program future expansion on a planned basis, studies of growth patterns are being main-

tained to point out where new developments are most likely to take place. Many new sites are presently under negotiation.

Because of our increased volume, the size of stores and the addition of so many new categories of merchandise, we felt it was essential that we adopt new methods of providing management information more quickly and in greater detail. As a result, during the year plans were formulated for the introduction of Data Processing and an agreement was reached whereby we share time on an I.B.M. System 370 Model 155. This is now in operation. We expect that this Management Information System will make a significant contribution to the overall efficiency of our operation.

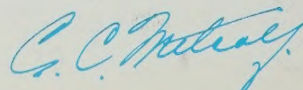
The period under review was marked by a continuation of keen competition and increasing costs of operation. Pharmacists continue to be in short supply and as a result, salaries have continued to increase. We expect this shortage to continue for some time. However, the move to larger stores, with a greater variety of merchandise, capable of greatly increased volume, is assisting in keeping overall salary costs at a more acceptable level. As support for this, we have embarked upon a new program for

the active promotion of many new lines of merchandise that will tend to both increase traffic and produce a better than average return.

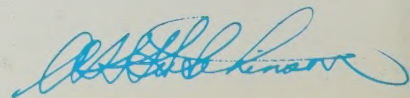
Special emphasis is also being placed on the Prescription Department, our own Private Brand merchandise and our Franchise Cosmetic lines.

Being a service organization the achievements during the past year could not have been attained without the loyalty, initiative and dedicated co-operation of all concerned in our business. We extend the Company's sincere appreciation to the pharmacists and other employees in its stores, office and warehouse. We are also appreciative of the co-operation received from our suppliers.

The improvement in economic conditions during the latter part of 1971 is continuing. Sales to date are showing encouraging increases. We feel that the present fiscal year will be one of further growth in sales and net earnings.



Chairman of the Board



President and General Manager



This efficient professional department has earned us a reputation for service and reliability over the past sixty-eight years, and is still the heart of every Super Save Drug Mart.

# PRESCRIPTIONS











▲ In cosmetic boutiques, cosmeticians provide expert beauty counsel. All the popular cosmetics are featured as well as a wonderful world of fragrance—and for men, all the new and traditional lines of men's toiletries.

◀ Gift departments are well planned and identified by a distinctive colour combination blending harmoniously to produce a pleasant shopping atmosphere.



# CONSOLIDATED STATEMENT OF INCOME

# CONSOLIDATED STATEMENT OF RETAINED EARNINGS

	52 weeks ended April 1, <b>1972</b>	53 weeks ended April 3, <b>1971</b>
Sales	\$51,927,530	\$46,950,710 X
Costs and operating expenses		
Cost of goods sold	35,416,024	31,595,033
Expenses other than the undernoted	11,905,025	11,449,870
Rental expenses for leases with an initial term longer than five years	2,277,353	1,913,305
Depreciation and amortization of fixed assets	679,370	584,102
Amortization of deferred charges	174,791	42,468
Interest on long term debt	52,686	60,702
Bank and other interest	443,067	366,407
	50,948,316	46,011,887
Income before income taxes and extraordinary item	979,214	938,823
Income taxes		
Current	256,750	231,000
Deferred	215,000	257,000
	471,750	488,000 X
Income before extraordinary item	507,464	450,823 X
Gain on expropriation of land		52,347
Net income for the year	\$ 507,464	\$ 503,170 X
Earnings per common share		
Income before extraordinary item	\$ 1.72	\$ 1.52
Net income for the year	\$ 1.72	\$ 1.71

	52 weeks ended April 1, <b>1972</b>	53 weeks ended April 3, <b>1971</b>
Balance at beginning of year	\$ 5,574,214	\$ 5,288,148
Net excess of book value over cost of shares of subsidiary companies		100,302
Net income for the year	507,464	503,170
	6,081,678	5,891,620
Dividends on		
Preferred shares	20,000	20,000
Common shares (\$1.05 per share)	297,406	297,406
	317,406	317,406
Balance at end of year	\$ 5,764,272	\$ 5,574,214



(Incorporated under the laws of Canada) and subsidiary companies

<b>ASSETS</b>	<b>April 1, 1972</b>	<b>April 3, 1971</b>
<b>Current assets</b>		
Cash	\$ 564,153	\$ 410,871
Accounts receivable	2,058,862	1,311,221
Inventories, valued on the basis of approximate cost, which is not in excess of net realizable value	12,598,107	11,033,266
Prepaid expenses	75,509	57,761
	15,296,631	12,813,119
<b>Fixed assets (note 1)</b>		
Land, buildings, equipment and leasehold improvements, at cost	11,245,304	9,956,805
Less accumulated depreciation and amortization	4,874,208	4,393,100
	6,371,096	5,563,705
<b>Deferred charges less amortization</b>	526,117	313,950
	\$22,193,844	\$18,690,774

Approved by the Board,

A. H. Hutchinson, Director

N. S. Robertson, Director

LIABILITIES		April 1, 1972	April 3, 1971
<b>Current Liabilities</b>			
Bank advances		\$ 8,590,823	\$ 4,877,836
Accounts payable and accrued liabilities		4,168,667	4,913,765
Income and other taxes payable		309,692	44,569
Long term debt due within one year		115,000	90,000
		13,184,182	9,926,170
<b>Long term debt</b> (note 2)		830,000	990,000
<b>Deferred income taxes</b>		851,200	636,200
<b>SHAREHOLDERS' EQUITY</b>			
<b>Capital stock</b>			
Authorized			
15,000	4% Cumulative voting preferred shares, par value \$50, redeemable at \$51.50 per share		
400,000	Common shares without par value		
Issued			
10,000	Preferred shares	500,000	500,000
283,244	Common shares	1,064,190	1,064,190
		1,564,190	1,564,190
<b>Retained earnings</b>		5,764,272	5,574,214
		7,328,462	7,138,404
		\$22,193,844	\$18,690,774

Long term leases (note 3)



# CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	52 weeks ended April 1, 1972	53 weeks ended April 3, 1971
<b>Source of funds</b>		
Net income for the year	\$ 507,464	\$ 503,170
Add items not involving current funds		
Depreciation and amortization of fixed assets	679,370	584,102
Amortization of deferred charges	174,791	42,468
Deferred income taxes	215,000	257,000
Other		23,656
	1,576,625	1,410,396
Disposal of fixed assets	21,731	42,736
	1,598,356	1,453,132
<b>Application of funds</b>		
Additions to fixed assets	1,508,492	1,528,284
Deferred charges	386,958	356,418
Reduction in long term debt	160,000	240,000
Dividends	317,406	317,406
Other		32,330
	2,372,856	2,474,438
Decrease in working capital	774,500	1,021,306
Working capital at beginning of year	2,886,949	3,908,255
Working capital at end of year	\$ 2,112,449	\$ 2,886,949

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

52 weeks ended April 1, 1972

1. Fixed assets	1972		1971	
	Cost	Accumulated depreciation and amortization	Net	Net
Land	\$ 420,983		\$ 420,983	\$ 420,983
Buildings	1,573,530	\$ 510,473	1,063,057	1,089,056
Furniture and fixtures	6,881,859	3,582,543	3,299,316	2,849,646
Automobiles	112,948	59,550	53,398	52,209
Leasehold improvements	2,255,984	721,642	1,534,342	1,151,811
	\$11,245,304	\$4,874,208	\$6,371,096	\$5,563,705

2. Long term debt	1972	1971
Sinking fund debentures		
Series A — 4%, maturing April 1, 1975, entitled to annual sinking fund deposits of \$50,000	\$150,000	\$ 150,000
Series B — 5¼%, maturing April 1, 1978, entitled to annual sinking fund deposits of \$65,000	390,000	445,000
Series C — 5½%, maturing April 1, 1982, entitled to annual sinking fund deposits of \$45,000	405,000	485,000
	945,000	1,080,000
Less payments due within one year	115,000	90,000
	\$830,000	\$ 990,000

Sinking fund requirements are being met by the purchase and cancellation of sinking fund debentures. As at April 1, 1972 debentures purchased in excess of the requirement for April 1, 1972 amounted to \$45,000. This excess has been applied to reduce the required payments due within one year.

## 3. Long term leases

There were 98 real estate leases in effect at April 1, 1972 which extend for periods longer than five years from that date. Aggregate minimum rentals under these leases exclusive of taxes, insurance and other occupancy charges are as follows for each of the periods shown:

Years ending 1973-1977	\$11,926,013
1978-1982	10,380,184
1983-1987	6,097,562
1988-1992	3,678,356
After 1992	409,907
	\$32,492,022



#### 4. Comparative figures – Statement of income

The 1971 figures have been reclassified on the basis of 1972 financial statement presentation.

#### 5. Other information

	1972	1971
Canada Corporations Act		
Number of directors	9	9
Remuneration of directors as directors	\$ 9,707	\$ 9,073
Number of officers	4	4
Remuneration of officers as officers	\$ 89,586	\$ 91,450
Number of officers who are directors	3	3
Ontario Securities Act		
Remuneration of directors and senior officers	\$170,753	\$170,682

#### AUDITORS' REPORT

To the Shareholders of G. Tamblyn, Limited

We have examined the consolidated balance sheet of G. Tamblyn, Limited and subsidiary companies as at April 1, 1972 and the consolidated statements of income, retained earnings and source and application of funds for the 52 weeks then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

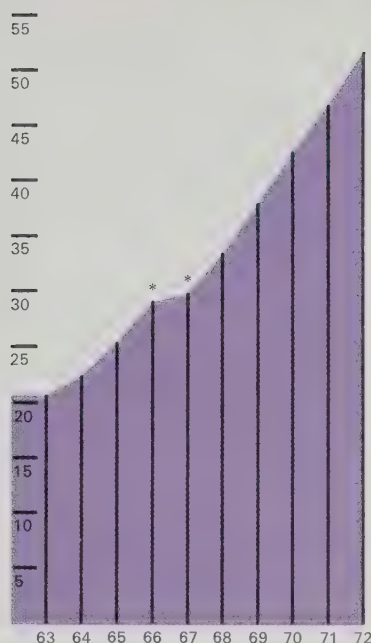
In our opinion these consolidated financial statements present fairly the financial position of the companies as at April 1, 1972 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Thorne, Gunn, Helliwell + Christenson*

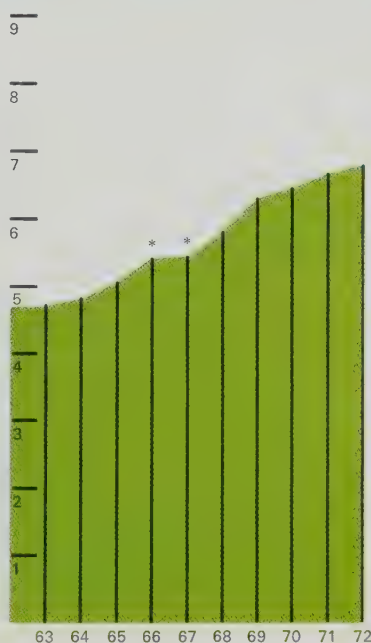
Toronto, Canada, May 11, 1972

Chartered Accountants

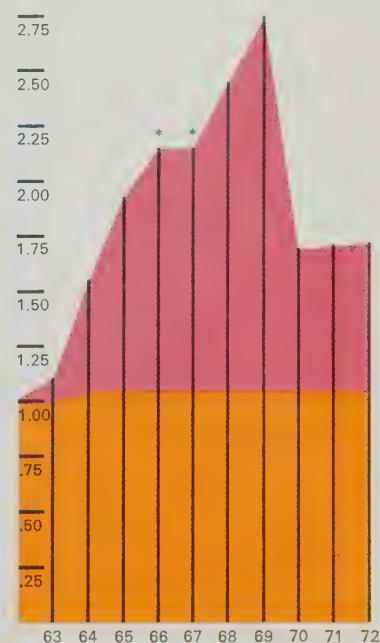
#### STORE SALES in millions of dollars



#### SHAREHOLDERS' EQUITY in millions of dollars



#### EARNINGS PER COMMON SHARE DIVIDENDS PER COMMON SHARE



\*In 1968 the year end was changed to the Saturday nearest to March 31. To permit comparison on a twelve month basis, the statistics shown are for twelve month periods ended March 30, 1968 and March 31, 1967. It should be noted that the twelve month period to March 31, 1967 includes the last nine months of the year ended December 31, 1966.



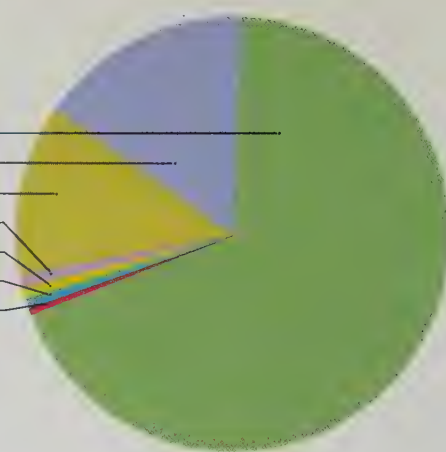
# TEN YEAR STATISTICAL REVIEW

## DISTRIBUTION OF INCOME

Year ended April 1, 1972

\$35,416,024 Merchandise and supplies  
 \$8,351,214 Salaries and employee benefits  
 \$6,700,028 Operating expenses  
 \$481,050 Advertising and promotion  
 \$471,750 Income taxes  
 \$317,406 Dividends  
 \$190,058 Retained in the company

**\$51,927,530 Store Sales**



	Apr. 1 1972	Apr. 3 1971	Mar. 28 1970	Mar. 29 1969	Mar. 30 1968	Mar. 31 1967	Dec. 31 1966	Dec. 31 1965	Dec. 31 1964	Dec. 31 1963
Number of stores at end of year	174	167	162	156	154	145	145	140	137	133
New stores added during year	15	19	13	14	11	12	12	6	7	5
Store Sales	\$51,927,530	\$46,950,710	\$42,752,354	\$38,132,056	\$33,563,855	\$29,955,825	\$29,175,949	\$25,460,478	\$22,599,018	\$20,735,641
Net Earnings	507,464	503,170	501,419	798,802	712,969	628,430	627,891	567,633	459,565	334,602
Dividends on preferred shares	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Earnings per common share	1.72	1.71	1.70	2.75	2.45	2.15	2.15	1.93	1.55	1.11
Dividends per common share	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.00
Total dividends	317,406	317,406	317,406	317,406	317,406	317,406	317,406	317,406	317,406	303,244
Working capital	2,112,449	2,886,949	3,908,255	4,019,356	3,874,562	3,697,376	3,617,785	3,631,597	3,336,523	3,748,369
Net book value of real estate, equipment and improvements	6,371,096	5,563,705	4,685,916	4,397,472	4,260,901	4,255,303	4,305,534	4,151,893	4,152,209	3,922,729
Capital expenditures for store equipment and improvements	1,508,492	1,528,284	850,402	1,016,286	462,880	451,934	621,112	529,592	751,236	288,254
Long term mortgage and debenture debt	830,000	990,000	1,230,000	1,305,000	1,570,000	1,790,000	1,790,000	1,950,000	2,114,599	2,310,275
Common shareholders' equity	6,828,462	6,638,404	6,484,971	6,307,059	5,825,663	5,430,100	5,401,480	5,090,895	4,840,768	4,723,558
Equity per common share	24.10	23.44	22.90	22.27	20.57	19.17	19.07	17.97	17.09	16.68

In 1968 the year end was changed to the Saturday nearest to March 31. To permit comparison on a twelve month basis, the statistics shown are for twelve month periods ended March 30, 1968 and March 31, 1967. It should be noted that the twelve month period to March 31, 1967 includes the last nine months of the year ended December 31, 1966. The figures shown above for the years 1962 and 1963 have been adjusted to reflect the provision for income taxes which were deferred in those years. The provision for these deferred income taxes, formerly disclosed in a note to the Balance Sheet, was made in the year 1964.



# appliances



Spacious aisles lead to this very attractive appliance area. Small appliances are featured on open display for the shopper's convenience.





The Photo Centre features popular-priced cameras, film and accessories. It also provides a fast, efficient Photo Finishing Service.



**CANADA'S LEADING RETAIL  
DRUG ORGANIZATION  
172 STORES THROUGHOUT CANADA**

**116 STORES IN  
ONTARIO**

Barrie	3
Belleville	1
Brampton	3
Brantford	1
Brockville	1
Burlington	1
Chatham	2
Clarkson	1
Cornwall	1
Guelph	3

Hamilton	5
Kingston	3
Kitchener	4
London	8
Niagara Falls	1
North Bay	1
Oakville	1
Oshawa	2
Ottawa	11
Peterborough	2
Richmond Hill	1
St. Catharines	3
Sarnia	2
Sault Ste. Marie	2
Stoney Creek	1
Stratford	1
Sudbury	4
Thunder Bay	1
Toronto	38
Waterloo	2
Welland	1
Whitby	1
Windsor	4

**40 STORES IN  
WESTERN CANADA**

<b>Alberta</b>	
Calgary	10
Edmonton	10
Lethbridge	2
Red Deer	1
<b>Saskatchewan</b>	
Regina	4
Saskatoon	2
<b>British Columbia</b>	
Chilliwack	1
Vancouver	1
Victoria	1
<b>Manitoba</b>	
Brandon	1
Winnipeg	7

**16 STORES IN  
EASTERN CANADA**

<b>New Brunswick</b>	
Bathurst	1
Fredericton	1
Moncton	1
St. John	1
<b>Newfoundland</b>	
St. John's	2
<b>Nova Scotia</b>	
Dartmouth	1
Sydney	1
Truro	1
<b>Prince Edward Island</b>	
Charlottetown	1
<b>Quebec</b>	
LaSalle	1
Laval	1
Longueuil	1
Montreal	1
Quebec City	1
Valleyfield	1



With outlets in every province we have penetrated the market and extended our service to most of the major centres in Canada. A truly national organization.



## OUR CREDO

**For the buying public** we believe that we should provide a wide selection of reputable merchandise at the most reasonable prices commensurate with quality, in attractive surroundings, and maintain the highest standards of the profession of pharmacy for the public health and welfare.

**For our employees** we believe we should provide the training, security, opportunities and working conditions which enlist their loyalty and promote efficiency in the interests of our customers and the Company.

**For our shareholders** we believe it is our responsibility to plan our operations for maximum efficiency and the fullest development of the business opportunities afforded by Canada's expanding population and economy . . . to ensure a fair return to our shareholders and a steady appreciation in the value of their investment which makes this Company possible.